

APPENDIX X

REQUIREMENTS CONCERNING USE OF CDBG FUNDS FOR PREPARATION OF LOCAL GOVERNMENT GROWTH POLICIES AND CAPITAL IMPROVEMENT PLANS

Continuing with the policy initiated in the 2006 calendar year, the CDBG program encourages local governments to reserve up to \$25,000 in funds to prepare or update a Growth Policy or Capital Improvement Plan (CIP).

As part of the legislature's intent to encourage communities to adopt growth policies, a portion of the CDBG funds can be used for the preparation of growth policies, as well as preparation of capital improvement plan. Funds reserved for either the preparation or updating of a growth policy or CIP, up to \$25,000 for each, will not be included in the scoring of benefit to low and moderate income persons.

An applicant will continue to typically receive more points during the ranking process if a growth policy or CIP has been adopted -- include a complete copy of the CIP document and also of the Growth Policy document (or, at a minimum) relevant excerpts from the Growth Policy document. This is especially true if the growth policy and CIP comprehensively address all major community facilities and (in particular) if the application documents that the CIP is updated annually and is utilized as part of the community's annual capital budgeting process.

COMMUNITY GROWTH POLICIES

Growth Policies are also sometimes referred to as "master plans" or "comprehensive plans." CDBG Planning Grants can be used to prepare or update an existing comprehensive plan in order to make it conform to the requirements for local government "growth policies" established by the 1999 Legislature (76-1-601, MCA).

In order to demonstrate eligibility for the use of CDBG funds, growth policies assisted with CDBG funds must also include an element which describes the housing and community development needs of low and moderate income persons. This element should include a description of:

1. any geographic areas within the planning jurisdiction where low and moderate income persons are concentrated and any housing or community development needs which particularly affect those areas;
2. the needs of particular groups of persons who generally fall within the low and moderate income category, such as the elderly, single heads of households, homeless persons, or abused or neglected children residing in shelters or group homes, for public services or facilities: and
3. the activities to be undertaken to meet such needs.

Federal law requires that each CDBG recipient "identify its community development and housing needs, including the needs of low and moderate income persons, and the activities to be undertaken to meet such needs." By including this element addressing the needs of low and moderate income persons, CDBG applicants will be able to use their growth policy to document compliance with this requirement.

CAPITAL IMPROVEMENTS PLANS

A Capital Improvements Plan (CIP) is a document that helps communities identify their public facility needs, establish project priorities, and create a long-range program for the scheduling and funding of construction or repair projects.

A CIP should be prepared, updated, and reviewed annually in conjunction with the local government's annual budget process and used to prioritize budgetary needs. The adoption of a CIP is simply good business for local governments. It can help your community or county anticipate upcoming capital expenditures and more effectively manage construction, maintenance, and repair costs related to public facilities.

An adopted CIP is not a prerequisite for applying for CDBG funding -- although an applicant will typically receive more points during the ranking process if one has been adopted.

Include, as part of your application, a complete copy of your CIP and documentation of how it is updated annually and how it is used and has been used.

Capital Improvements Plans: CDBG Requirements

A CIP should contain specific information in order to be useful and effective. CDBG has examples of CIPs that can be shared. In order to meet CDBG requirements, at a minimum, the CIP must include the following information:

1. An inventory of existing facilities and their general condition. This information should be general and will typically be obtained from the persons responsible for managing and operating the system. It is not expected that a detailed engineering analysis be performed to obtain this information.
2. Population projections and their impact on existing facilities.
3. Identification and prioritization of needs or projects.
4. Indication of the year projects are scheduled to be accomplished.
5. Estimated cost for each of the projects.
6. Identification of the amount and potential sources of funding for each of the projects.
7. Identification of the timing and any other specific requirements associated with obtaining funding for the projects; and
8. At a minimum, the CIP should encompass the following facilities:

Municipalities: For municipalities, the CIP would need to cover both the water and wastewater systems, and city streets. If the municipality is lacking a water or wastewater system, then only the one system, in addition to the streets, would need to be addressed in the plan.

Counties: Counties are also encouraged to set aside a portion of the proposed CDBG project budget to prepare a county-wide CIP addressing county facilities, such as roads, bridges, hospitals, nursing homes, and any other major public facilities for which the county is responsible.